

17th Annual Report 2005-2006

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Bharat RASAYAN LIMITED
(AN ISO 9001 : 2000 CERTIFIED COMPANY)

**BOARD OF DIRECTORS****Promoter Directors****S.N. GUPTA**

Chairman & Managing Director

M.P. GUPTA

Whole Time Director

R.P. GUPTA

Whole Time Director

Other Directors**SANDESH KUMAR JAIN**

Director (Independent & Non-Executive)

PRADEEP KUMAR GUPTA

Director (Independent & Non-Executive)

NARESH AGARWAL

Director (Independent & Non-Executive)

**COMPANY SECRETARY &
COMPLIANCE OFFICER****LAKSHMI GURUNG****AUDITORS****M/S. B.K. GOEL & ASSOCIATES**

Chartered Accountants

P-16, N.D.S.E.-II,

New Delhi - 110 049.

BANKERS**STATE BANK OF INDIA****REGISTERED OFFICE**

1501, Vikram Tower,

Rajendra Place,

New Delhi - 110 008.

FACTORY

2 KM Stone, Madina-Mokhra Road,

Village Mokhra, Tehsil Meham,

Distt. Rohtak (Haryana).

**REGISTRAR & SHARE
TRANSFER AGENT****M/S. INTIME SPECTRUM REGISTRY LIMITED**

A-31, 3rd Floor, Near PVR Cinema,

Naraina Industrial Area, Phase-I,

New Delhi - 110 028.

Tel. Nos. : 91-11-41410592-94

Fax No. : 91-11-41410591

Members may please note that no
gifts/coupons shall be distributed
at the meeting

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**NOTICE**

The 17th Annual General Meeting of Bharat Rasayan Limited will be held at Punjabi Bagh Club, Ring Road, Punjabi Bagh, New Delhi-110026, on Saturday, the 30th September, 2006, at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2006 and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. M.P.Gupta who retires by rotation and is eligible for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Pradeep Kumar Gupta who was appointed as an additional director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article No. 89 of the Articles of Association of the Company and Clause 49 of the Listing Agreement with effect from 18.03.2006 and who holds office upto the date of ensuing Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing pursuant to provisions of Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sandesh Kumar Jain who was appointed as an additional director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article No. 89 of the Articles of Association of the Company and Clause 49 of the Listing Agreement with effect from 01.06.2006 and who holds office upto the date of ensuing Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing pursuant to provisions of Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Article No. 116 of the Articles of Association of the Company and Sections 198, 269, 309, 310, 311, Schedule-XIII and other applicable provisions of the Companies Act, 1956, approval of the members be and is hereby accorded for re-appointment of Mr. R.P.Gupta as a Whole Time Director of the Company for a further period of 5 years w.e.f. 01.10.2005 to 30.09.2010, on the following terms and conditions:

- (A) Salary : Rs. 41,500/- (Rupees Fourty One Thousand Five Hundred only) per month in the scale of Rs. 41500-1500-47500
- (B) Perquisites: In addition to the above, he shall be entitled to the following perquisites restricted to an amount equal to his annual salary. For this purpose, perquisites are classified into three categories, "A", "B" and "C" as follows:

CATEGORY-A**1. Housing**

- a) In case the hired accommodation is provided by the Company, the expenditure by the Company on hiring unfurnished accommodation for him will be subject to the ceiling of fifty percent of his salary over and above ten percent payable by him.
- b) In case the accommodation provided to him is owned by the Company, ten percent of his salary shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, he shall be entitled to house rent allowance as may be approved by the Board subject to ceiling of sixty percent of his salary.

**2. Gas, Electricity, Water, Furnishings**

The Company will bear the charges of gas, electricity, water, furnishing etc. as per Company's Rules from time to time which shall be valued as per Income Tax Rules, 1962 and shall be restricted to 10% of his salary.

3. Medical Reimbursement

Medical expenses incurred by him for self and family will be reimbursed, not to exceed Rs. 15,000/- per annum, on submission of relevant bills.

4. Leave Travel Concession

Leave Travel Concession for him and his family, once in a year, in accordance with the Rules of the Company.

5. Club Fees

Club fees, subject to a maximum of two clubs excluding admission and life membership fees.

6. Personal Accident Insurance

Premium not to exceed Rs. 4,000/- per annum.

The aggregate monetary value of the above perquisites shall not exceed his annual salary.

Explanation: For the purpose of Category-A family means his spouse, his dependent children, and dependent parents.

CATEGORY-B

Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per Company's rules, will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY-C

The Company shall provide Car with Driver and telephone at his residence. Provision of car and telephone at residence for official duty and Company's business will not be considered as perquisites.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, Mr. R.P.Gupta will be entitled to receive minimum remuneration permissible under Section-II of Part-II of Schedule-XIII to the Companies Act, 1956, as amended or as may be amended from time to time."

Regd. Office :-
1501, Vikram Tower,
Rajendra Place,
NEW DELHI - 110008.
AUGUST 30, 2006.

BY ORDER OF THE BOARD

(LAKSHMIGURUNG)
COMPANY SECRETARY

EXPLANATORY STATEMENT

The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business

ITEM NO. 4

Mr. Pradeep Kumar Gupta was appointed as an additional director on 18.03.2006 vide board meeting held on 18.03.2006 as per Section 260 of the Companies Act, 1956 to hold office up to the date of the Seventeenth Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying the intention to propose the name of Mr. Pradeep Kumar Gupta as a director along with a deposit of Rs. 500/-.

None of the Directors except Mr. Pradeep Kumar Gupta is interested or concerned in the resolution.

ITEM NO. 5

Mr. Sandesh Kumar Jain was appointed as an additional director on 01.06.2006 vide board meeting held on 01.06.2006 as per Section 260 of the Companies Act, 1956 to hold office up to the date of the Seventeenth Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying the intention to propose the name of Mr. Sandesh Kumar Jain as a director along with a deposit of Rs. 500/-.

None of the Directors except Mr. Sandesh Kumar Jain is interested or concerned in the resolution.

**Bharat RASAYAN LIMITED**

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ITEM NO. 6

The tenure of Mr. R.P.Gupta has expired on 30.09.2005. Subject to the approval of the members in their Annual General Meeting, the Board of Directors in their meeting held on 01.10.2005 decided to re-appoint Mr. R.P.Gupta as a Whole Time Director of the Company for a further period of 5 years with effect from 01.10.2005 on the remuneration and other terms and conditions contained in the resolution.

After re-appointment of Mr. R.P.Gupta as a Whole-time Director, this is the first general meeting of the shareholders for their approval.

Mr. R.P.Gupta is looking after the factory production and General Administration and also he is extending the technical support to the Company. In view of contribution made and significant services rendered by Mr. R.P.Gupta to the Company and having regard to his knowledge and experience, the Board considers that the re-appointment of Mr. R.P.Gupta as a Whole Time Director of the Company will be beneficial and in the interest of the Company.

No other Director except Mr. R.P.Gupta is concerned or interested in the resolution.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself, and such proxy(ies) need not be a member of the Company. Proxy(ies) in order to be effective, must be delivered at the registered office of the Company, not less than 48 hours before the time of the meeting.
2. Members/Proxies should bring the attendance slip duly completed. Members who hold shares in dematerialised mode are requested to bring their Client-ID and DP-ID Numbers also for easy reference.
3. The copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
4. Members intending to seek any information on the annual accounts at the meeting are requested to intimate the Company at least seven days before the date of the meeting.
5. Nominations - Members holding shares in physical mode and desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to obtain the prescribed Form-2B, from the Company Secretary. Members holding shares in dematerialised mode may approach their Depository Participant (DP) in this regard.
6. M/s. Intime Spectrum Registry Limited (ISRL) acts as a Registrar and Share Transfer Agent on behalf of the Company and is a common agency for dealing with demat and physical shares.
7. The share transfer books and register of members of the Company will remain close from 26.09.2006 to 30.09.2006 (both days inclusive) for the purpose of Annual General Meeting.
8. The register of Directors' Shareholding shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
9. Information required to be furnished under the Listing Agreement in respect of following director proposed to be reappointed / appointed as Director(s):

Mr. M.P.GUPTA**A) Brief Resume**

- | | | |
|------------------|---|----------|
| a) Age | : | 52 Years |
| b) Qualification | : | B.Com. |
| c) Experience | : | 29 years |

Mr. M.P.Gupta is a Director of the Company since 15.05.1989

B) Work exposure

Specialization in the field of Finance, Banking, Taxation, Accounts and General Administration

C) Other Directorships

- | | |
|------|-------------------------------------|
| i) | M/s. Bharat Insecticides Limited |
| ii) | M/s. Bharat Rasayan Finance Limited |
| iii) | M/s. BR Agrotech Limited |
| iv) | M/s. Siris Crop Sciences Limited |

He is also a member of the Company's Shareholders' & Investors' Grievance Committee and Shares Transfer Committee.

**Mr. PRADEEP KUMAR GUPTA****A) Brief Resume**

- a) Age : 46 Years
 b) Qualification : B.Com., L.L.B
 c) Experience : 9 Years

- B) Work exposure** : i) Practicing Advocate of District Court, High Court and Supreme Court;
 ii) specialization in the field of Revenue and Civil Matters.

- C) Other Directorships / Proprietorship** : M/s. Pradeep Gupta & Co., Advocate

He is also a member of the Company's Audit Committee, Remuneration Committee and Shareholders' and Investors' Grievance Committee.

Mr. SANDESH KUMAR JAIN**A) Brief Resume**

- a) Age : 42 Years
 b) Qualification : B.Com., F.C.A
 c) Experience : 16 Years

- B) Work exposure** : i) practicing Chartered Accountant;
 ii) specialization in the field of Corporate Laws & Corporate Finance

- C) Other Directorships** : i) M/s. Rathi Graphic Technologies Limited
 ii) M/s. Maruti Capital Services Pvt. Limited
 iii) M/s. New Delhi Media Pvt. Limited
 iv) M/s. Shekhar Builder Pvt. Limited

- Proprietorships** : M/s. Sandesh Jain & Co., Chartered Accountant

Membership in the Committees

- a) M/s. Rathi Graphic Technologies Limited:
 i) Audit Committee;
 ii) Remuneration Committee; and
 iii) Shareholders' and Investors' Grievance Committee
 b) He acts as a Chairman of Company's Audit Committee and Remuneration Committee and also a member of Shares Transfer Committee.

Mr. R.P.GUPTA**A) Brief Resume**

- a) Age : 40 Years
 b) Qualification : B.Com.
 c) Experience : 20 years

Mr. R.P.Gupta is a Director of the Company since 15.05.1989

- B) Work exposure** : looking after the factory production and General Administration

- C) Other Directorships** : i) M/s. Bharat Insecticides Limited
 ii) M/s. Bharat Rasayan Finance Limited
 iii) M/s. Siris Crop Sciences Limited

He is also a member of the Company's Shares Transfer Committee.

**DIRECTORS' REPORT****TO THE MEMBERS OF BHARAT RASAYAN LIMITED**

Your Directors have pleasure in presenting their 17th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2006:

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	For the year ended 31.03.2006	For the year ended 31.03.2005
Sales & Other Income	4967.34	5243.97
Profit before interest & depreciation	390.28	330.44
Less : Interest	67.76	54.83
: Depreciation	84.69	89.28
Profit before income tax	237.83	186.33
Provision for Taxation - Current Liability	91.30	90.00
- Deferred Liability/(Tax Assets)	(8.35)	(5.08)
Profit after tax	154.88	101.41
Surplus brought forward from previous year	79.32	77.91
Profit available for appropriation	234.20	179.32
Appropriations		
Transferred to General Reserve	200.00	100.00
Balance being surplus carried over to the Balance Sheet	34.20	79.32

FINANCIAL HIGHLIGHTS

During the year under review, gross receipts were Rs. 49.67 Crores as compared to Rs. 52.44 Crores in the previous year, a marginal decline of 5%. Exports during the year were Rs. 21.40 Crores as compared to Rs. 24.96 Crores in the previous year. Profit after tax has increased to Rs. 1.54 Crores as compared to Rs. 1.01 Crores previous year mainly due to other income.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report in terms of Clause-49 of the Listing Agreements with Stock Exchanges is enclosed as **Annexure-I**.

DIVIDEND

With increase in the competition from the global players in the pesticides industries, your directors plan for developing new molecules for which your company will need more funds. With a view to conserve the company's resources your directors have decided to skip the dividend and have thus not recommended any dividend for this financial year.

FIXED DEPOSITS

The Company continues to accept the deposits under Section 58A of the Companies Act, 1956, and as on 31.03.2006 there was no overdue deposit with the Company. All deposits due for payment were either paid or renewed during the year.

INSURANCE

The Company continues to carry adequate insurance cover for all its assets against foreseeable perils. The Company continues to maintain consequential loss (Fire) Policy and Public Liability Policy as per the provisions of Public Liability Insurance Act.

POLLUTION CONTROL

The Company has taken various initiatives to keep the environment free from pollution. It has already installed various devices in the factory to control the pollution.

AUDITORS & AUDITORS' REPORT

M/s. B.K.Goel & Associates, Chartered Accountants, the auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors commend for their re-appointment.

The report of the Auditors is self-explanatory and does not call for any comments from the Directors.

**STATUTORY STATEMENTS**

- a) **Conservation of energy, technology absorption and foreign exchange earnings/outgo**
Statements pursuant to section 217(1)(e) of the Companies Act, 1956, are given in **Annexure-II**.
- b) **Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975:**
As such there is no employee covered under the said Rules.
- c) **Directors' responsibility statement pursuant to Section 217(2AA) of the Companies Act, 1956**
Your Directors confirm:
1. that in the preparation of the Annual Accounts the applicable accounting standards have been followed. There were no material departures requiring any explanation.
 2. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the profit of the Company for the year ended on that date.
 3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 4. that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company has been committed to the principles of good corporate governance and the board of directors always believes in the transparency, accountability and integrity. Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance and Auditor's Certificate on it is given in **Annexure-III**.

DIRECTORATE

Mr. Tarun Agarwal and Mr. Bimal Agarwal have resigned from the Board w.e.f. 18.03.2006 and 01.06.2006 respectively. Your directors wish to place on record their sincere appreciation of valuable advice received from them during their tenure as Directors.

Mr. Pradeep Kumar Gupta and Mr. Sandesh Kumar Jain were appointed as Additional Directors on 18.03.2006 and 01.06.2006 respectively. Mr. Pradeep Kumar Gupta and Mr. Sandesh Kumar Jain hold office upto the date of the ensuing Annual General meeting and the Company has received notices alongwith the requisite deposits of Rs. 1,000/- (Rs. 500/- each) from two members under Section-257 of the Companies Act, 1956, to propose their names as directors. The Board is of the opinion that their association with the Company will be beneficial to the Company and hence commends the resolutions for your approval.

Mr. M.P.Gupta retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for reappointment.

The present term of Mr. R.P.Gupta as a Whole Time Director has expired on 30.09.2005. Your approval pursuant to Sections 198, 269, 310, 311 & Schedule-XIII and other applicable provisions of the Companies Act, 1956, for his re-appointment and revision of his remuneration is sought in the annual general meeting.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the support extended by the Company's Bankers, customers, suppliers, depositors and last but not the least, the shareholders. Your directors also take this opportunity to place on record their sincere appreciation to employees of the Company, at all levels, for their concerted efforts and services rendered to the Company during the year.

ON BEHALF OF THE BOARD

NEW DELHI
AUGUST 30, 2006.

(S. N. GUPTA)
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE - TO THE DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Structure and Development**

The Company is engaged in the business of agrochemicals. In Indian agrochemicals industry, there is equal presence of Multinational as well as Indian Companies. The MNCs have focused on high-end speciality products whereas Indian players have focused on generic and off-patent products. Agribusiness companies are developing new models to reach out to farmers and consumers, providing new technology etc. With the growth of Indian economy and the emphasis placed by the Government on improving productivity in the Agriculture sector, the agrochemicals industry has a pivotal role to play.

The industry has built up large capacities and has many players resulting in high level of competition. Due to seasonal nature of the business and uncertainties involved in the coverage of monsoon, a large inventory is required to be maintained.

Financial Performance with respect to operational performance

During the year under review, gross receipts were Rs. 49.67 Crores as compared to Rs. 52.44 Crores in the previous year, a marginal decline of 5%. Profit after tax has increased to Rs. 1.54 Crores as compared to Rs. 1.01 Crores previous year mainly due to other income.

Outlook

Having regard to the thrust given by the Central Government to the agriculture sector and overall normal monsoon, the outlook for the current year 2006-07 appears to be good barring unforeseen circumstances. Further, during the year, the Company got some new registrations of the products and one new product has been manufactured by the Company and the company has also increased reasonable amount on R&D activities towards development of some more new products and the benefits from it will accrue in the year 2006-07 and onwards.

Risk, Concern and Threats

The overall pesticides business is dependent on weather and sudden change in the weather affects the demand for the agrochemicals and this kind of risk will always remain in this industry. Due to the unusual increase in crude oil prices globally, the prices of raw materials have consequently gone up, this has adversely affected the input cost. However, the sale price has not improved in same proportion. Even though, the agrochemical industry plays a very positive role to increase the productivity of the agriculture but there is always a negative perception in the minds of the people and environmentalists

about its effects on environment and agriculture produce.

The industry has to maintain a large inventory and offers extended credit due to seasonality of agricultural operations and at times when the monsoon is not favourable, the Industry suffers and has to incur high cost of interest.

SWOT ANALYSIS**Strength**

1. Your Company is one of the foremost Companies in India that has a large manufacturing range of agrochemicals. It is one of the few companies manufacturing own technical grade pesticides from basic raw materials. This gives it an inherent advantage over quality and prices.
2. The Company's products have been widely accepted in foreign markets and our export market is exploring further.
3. The Company has a team of competent and dedicated professional managers on its roll.

Weakness

In today's modern economy with the changing preferences, the business environment is changing at a very fast pace. The multinational companies have been expending huge amounts on R&D for developing new molecules and your company is manufacturing the generic range products. The Company has to gear up its R&D efforts to align itself to the WTO/Patent Regime that will affect most of the manufacturing sectors in India.

Opportunities

1. Several agriculture oriented policy initiatives under implementation by the Government and the availability of credit to the agriculture sector as priority sector are expected to improve the prospects of Agrochemicals industry as a whole.
2. Enhanced awareness among the farming community regarding usage of pesticides for better yields.
3. Export potential of generic pesticides.

Adequacy and Internal Controls System

During the year, the Board and Audit Committee have vigorously interacted with the external auditors of the company to review the overall systems and all major findings and suggestions are complied with and reported to the Audit Committee on a quarterly basis. Further, the Company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use and that the transactions are authorized, recorded and reported correctly.

**Bharat RASAYAN LIMITED**

17th Annual Report 2005-2006

Human Resources Development

Your Company believes that human resources are the most precious assets of your Company. Your Company's ongoing thrust is to maintain productive work culture and to orient the employees to effectively face the new and emerging challenges emanating from the competitive environment. Number of employees on Company Roll as on 31.03.2006 was 190. Besides, the Company also employed casual workers through contractors during the year. The job description of each member has been defined and performance indicators are monitored accordingly to improve motivation level and to encourage talent. The company has been continuously conducting in-house and external training programmes through Workshops, Conferences, Seminars etc. for its people so as to develop their skills and capabilities.

The industrial relations climate of the Company continues to remain harmonious and cordial.

Cautionary Statement

Statements in the Management Discussion and analysis describing the company's objectives, projections and expectations may be forward looking statements within the meaning of applicable law and regulations. Actual results might differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations include climatic conditions, economic conditions affecting demand/supply, global players and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

ANNEXURE-II TO THE DIRECTORS' REPORT

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

- (a&b) Wherever possible, energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are being continued on an ongoing basis.
- (c) The energy consumption and the cost of production is being kept under control.
- (d) Not Applicable.

B. TECHNOLOGY ABSORPTION FORM 'B'**Research & Development (R&D)**

- (1) R&D efforts of the Company are directed towards quality assurance, improvement of existing products and development of new processes for products.
- (2) Improvement in the product quality and cost reduction.
- (3) Studies for cost reduction, improvement of product quality, import substitution & introduction of new products are carried out on an ongoing basis.
- (4) The R&D efforts are totally integrated with the processing activities including development of new products. As such, R&D expenses cannot be segregated. Further, the Company is engaged in the development of new products, process and effluent treatment.

Technology Absorption, Adaptation & Innovation

- (1) The Company has no technical collaboration and the processes are carried out on the standard known technology and efforts are made to improve upon the same on an ongoing basis.
- (2) The Company has been in a position to cater to the requirements of customers, both Indian and foreign.
- (3) The Company has not imported any technology so far.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

- (1) The Company is in constant touch with the overseas markets. Efforts are being made to develop new markets and consolidate the existing one by marketing products conforming to international standards.
- (2) Total foreign exchange used Rs. 412.45 lacs (previous year Rs. 113.57 lacs)
- (3) Total foreign exchange earned Rs. 2139.57 lacs (previous year Rs. 2292.51 lacs)

ON BEHALF OF THE BOARD

NEW DELHI
AUGUST 30, 2006.

(S. N. GUPTA)
CHAIRMAN & MANAGING DIRECTOR